



## INDIANA PUBLIC RETIREMENT SYSTEM DC RETIREMENT PLANS MEMBER FEE POLICY

### I. **POLICY AND OBJECTIVES**

The Indiana Public Retirement System (INPRS) Board of Trustees (Board) intends for this policy to document the fee methodology, disclosure and governance for each of the following four (4) INPRS' Defined Contribution (DC) retirement plans.

- Public Employees' Retirement Fund ASA (PERF ASA)
- Public Employees' Retirement Fund My Choice (PMC)
- Teachers' Retirement Fund ASA (TRF ASA)
- Legislators' Retirement System – Defined Contribution Plan (LEDC)

The objectives of this policy for the DC retirement plans (referenced above) are to:

- Charge fees to DC retirement plan members in accordance with IC 5-10.2-2-3 (c) (4) and IRS regulations.
- Define the fee policy components comparable to industry standards to be used to develop the annual fee members are to pay for each of the INPRS DC retirement plans.
- Ensure current fees are sufficient to cover all expenses expected to be paid by each plan.
- Seek to manage and control future fee volatility to the extent reasonably possible.
- Support public policy goals of accountability and transparency.
  - Elements of the member fee policy should be clearly disclosed.
- Take into consideration the nature of public sector DC retirement plans and their governance.

### II. **MEMBER FEE POLICY METHODOLOGY COMPONENTS**

The Board approves member fee policy methodology components for each of the Defined Contribution retirement plans as follows:

#### Determination of the DC Retirement Plans Member Fee

DC retirement plans member fee consists of the record keeper fee, the DC retirement plan related INPRS administrative expenses (both DC exclusive expenses and the DC portion of shared expenses), and external record keeper transition expenses (spread over the life of the record keeper contract). Expenses are to be documented and tracked. Annually the expenses are to be reviewed and a determination made as to whether to adjust the fee charged to members for each DC retirement plan.

#### My Choice Plan Forfeitures

For the My Choice plans, forfeitures representing the non-vested employer contributions, are to be moved to the My Choice designated account to cover administrative expenses.

A plan that does not annually allocate forfeiture amounts may jeopardize its qualified status with the IRS. Therefore, annually before the fiscal year end a determination needs to be made whether to allocate any excess forfeitures to the member accounts.

#### Record Keeper Collection of Member Fee

At the end of the month, a monthly amount (total annual fee divided by 12 months) will be charged to each active member's account by the record keeper. An active member account is an account receiving contributions and/or earnings. The collected cash will be moved to the DC retirement plan's designated account to pay the DC retirement plan's expenses.

#### Paying the DC Retirement Plans Bills

The Public Employees' Retirement Fund DB (PERF DB) plan is to pay the bills for all DC retirement plans. Monthly each of the DC retirement plans will receive an invoice/s for the bills paid on their behalf by the PERF DB plan. Each month, the custodian will transfer funds from the DC retirement plan's designated account to the PERF DB plan to cover the invoice/s.

If a DC retirement plan experiences a cash shortfall, the PERF DB plan will establish a receivable from the DC retirement plan. As funds become available to the DC retirement plan, the DC retirement plan will reimburse the PERF DB plan plus interest on the unpaid balance at an interest rate equal to the expected rate of return for the PERF DB plan.

#### Disclosures

On the INPRS website, provide explanations of the general DC retirement plan administrative services, and of fees for an individual account.

#### Governance

Annually the Board of Trustees reviews and approves the DC Retirement Plans Member Fee Policy for comparability to industry standards and competitiveness with peer benchmarks.

### **III. HISTORY**

- Originally Approved By INPRS Board: March, 2017